

2004 Status Report for the Recycled-Content Newsprint Program

July 2005

S T A T E O F C A L I F O R N I A

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Introduction

To foster markets for old newspapers, the Legislature in 1991 established the Recycled-Content Newsprint Program (Public Resources Code sections 42750-42791). This program mandates that at least 50 percent of newsprint used by each of California's printers and publishers be recycled-content newsprint (RCN). Statute defined RCN as containing a minimum of 40 percent postconsumer old newspaper fiber.

Printers and publishers (consumers) annually certify to the California Integrated Waste Management Board (CIWMB) the total amount of RCN and non-RCN that their businesses use. Newsprint manufacturers that produce RCN used by California printers and publishers must also annually certify how much de-inked pulp they received or produced and how much RCN they distributed to California's newsprint printers and publishers. Both consumer and manufacturer certifications are due by March 1 of each year.

The 2004 RCN certifications submitted by the consumers and manufacturers provide the following statistics:

- All of California's 150 regulated consumers certified to the CIWMB.
- 67 percent of all the newsprint used in California was RCN. This represents the highest rate since the program began in 1991.
- 88 percent of the consumers were in compliance, representing the highest compliance rate since 1991. Only 12 percent of the consumers requested exemptions; this is the least amount requested since 1993.
- Consumers used 1,049,941 metric tons of RCN, a 5 percent increase from 2003.
- Total newsprint use decreased by 2 percent from 2003.
- 90 percent of the consumers submitted their certifications by the March 1 due date.

This single low-cost program is clearly a value-added program to the environmental efforts of California. In 2004, estimated resource savings included the following:^{*}

- 5 million trees.
- 1.2 million cubic yards of landfill space.
- 700,000 barrels of oil.
- 150 million gallons of water from paper-making.
- 700,000 megawatt hours of electricity, which is enough energy to heat and air-condition 30,000 average North American homes for at least a year.

^{*} See Appendix.

Report and Analysis

Consumer Certification Results

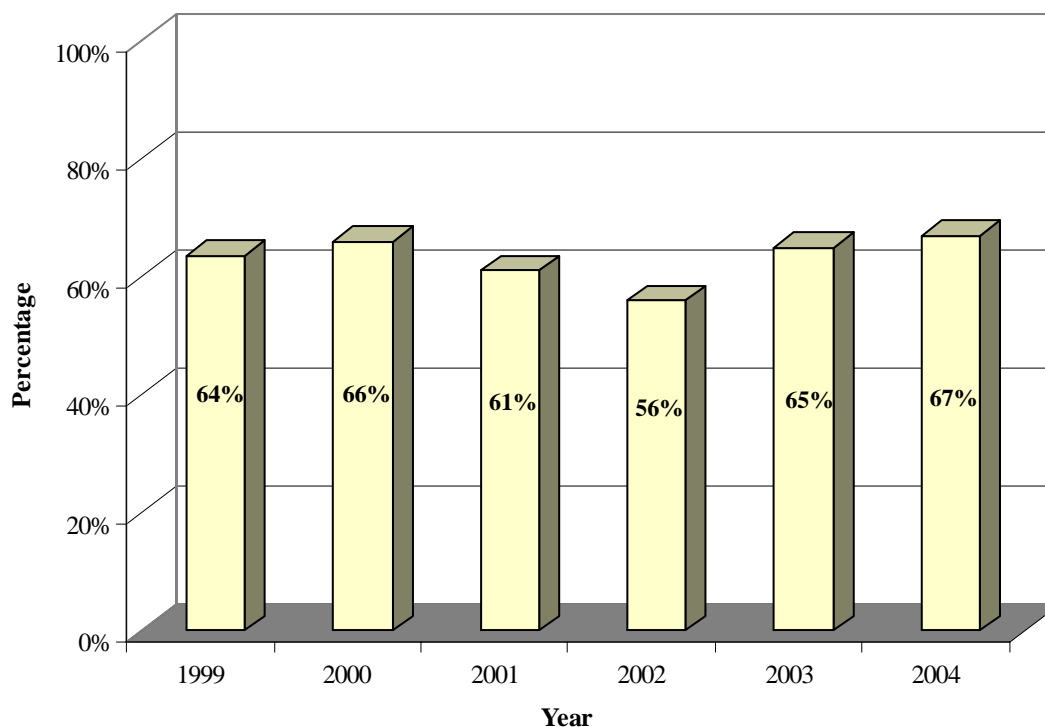
In late 2003, staff mailed RCN certification packets to 154 consumers; 150 certifications were completed and returned. As a result of mergers and consolidations, the figures for the four consumers that did not return their certifications were included within the completed certifications for the newly formed companies.

Ninety percent (135) of the consumers submitted their certifications by the March 1 due date; all of the remaining 15 filed within the 45-day grace period.

RCN and Non-RCN Usage

The 2004 certification year was the most successful year for RCN usage and compliance since the program began in 1991. In 2004, 67 percent of the newsprint used by consumers was RCN (see Figure 1).

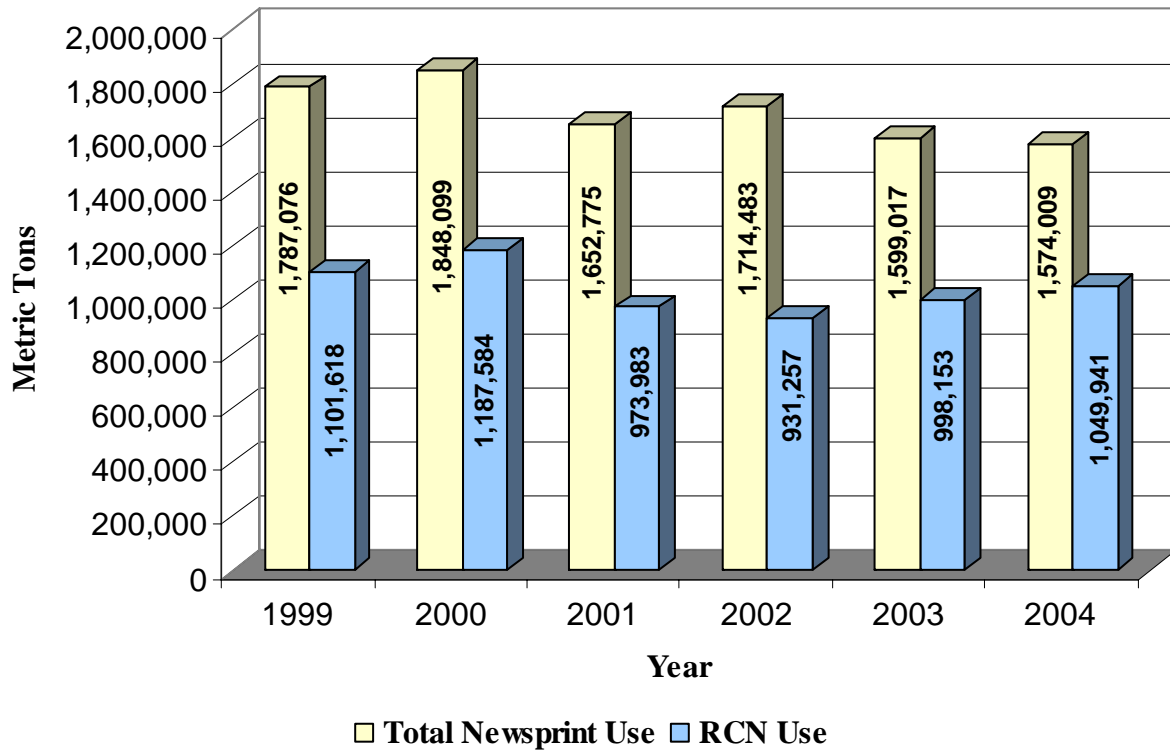
Figure 1. Percentage of Newsprint Used that Was RCN



The year 2004 brought another double win in the newsprint industry. Newsprint consumers decreased the overall amount of regulated newsprint they used while increasing the amount of RCN they used. California's newsprint consumers reportedly used 1,574,009 metric tons of regulated newsprint (see Figure 2), of which 1,049,941 was RCN. In 2003 consumers used 1,599,017 metric tons of regulated newsprint, including 998,153 metric tons of recycled-content newsprint. Industry is making every effort to reduce waste in the printing process, thereby reducing total newsprint consumed. Additionally, more and more customers are signing up for

online subscriptions and receiving their news by alternative means. The newsprint industry is using fewer materials and increasing the amount of diverted material it uses. This is a win-win scenario for all concerned.

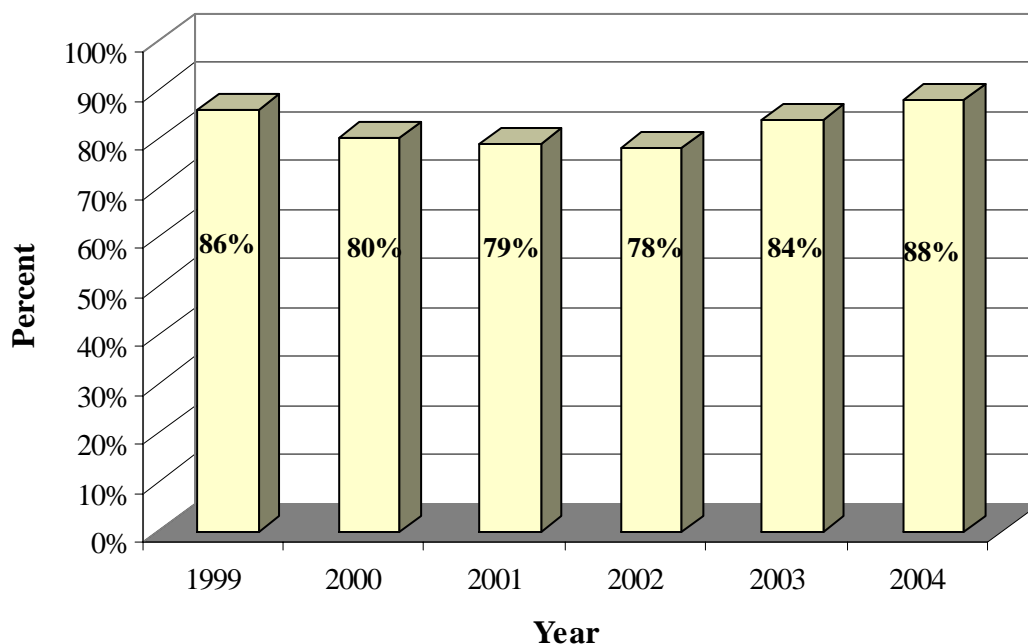
Figure 2. Total Newsprint and RCN Used



Compliance Rates

The Recycled-Content Newsprint Program mandates that at least 50 percent of the newsprint used by each of California's consumers be RCN. For the year 2004, 88 percent (136) of the consumers complied with this mandate (see Figure 3). The remaining 12 percent (18) of the consumers requested exemptions from meeting this mandate.

Figure 3. Compliance Rate



Exemption Requests Made by Printers and Publishers

When a newsprint consumer cannot obtain and use enough RCN to attain its 50 percent use requirement, the business may request an exemption from the law to avoid being “out of compliance.” Exemptions are allowed only in the following three cases:

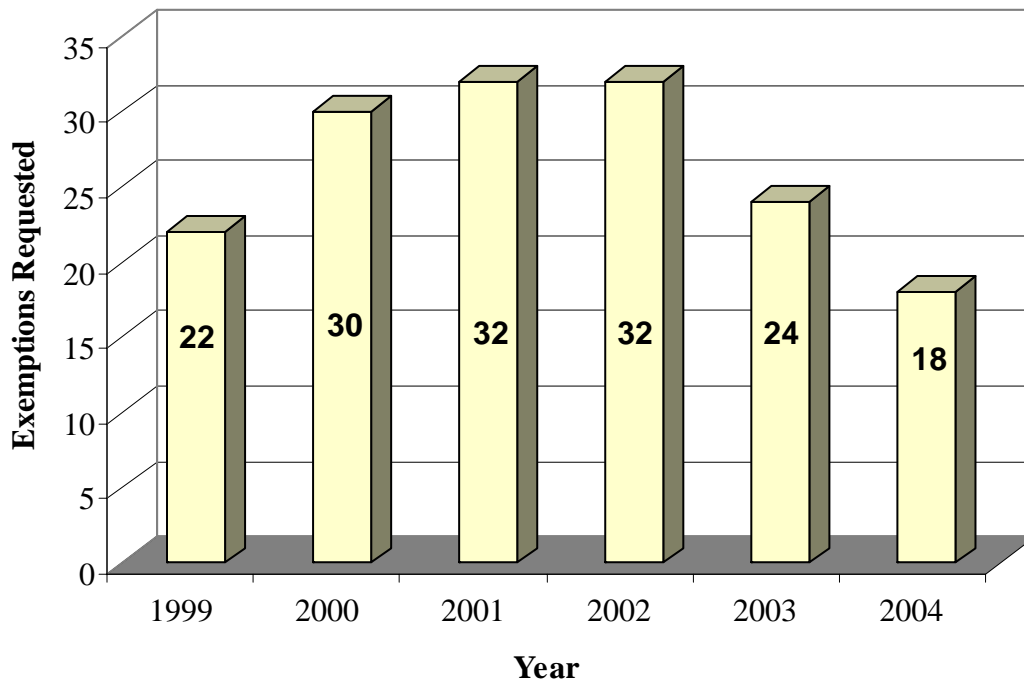
1. The RCN was not available at a comparable price.
2. The RCN did not meet the quality standards that are annually established by the CIWMB.
3. The RCN was not available in a reasonable time.

In 2004, 18 (12 percent) newsprint consumers reported that they did not meet their minimum-use requirement based upon one or more exemptions allowed. This is six less exemptions than newsprint consumers requested last year (see Figure 4).

The majority of exemption requests stated RCN was not available at a comparable price. While this continues to be the number one reason for not obtaining the mandated use requirement, we are seeing a drop in the number of consumers claiming the price exemption. Last year 18 consumers claimed the price exemption and in 2004 this number dropped to only 13. Six claimed availability, and 8 consumers claimed the quality exemption. Individual consumers can claim multiple exemptions.

Newsprint consumers who claim an exemption are required to document a “good faith effort” on their certifications. A “good faith effort” means listing all newsprint suppliers with whom the consumer had purchase discussions, or producers that offered to sell recycled-content newsprint within the preceding 12 months. If a good faith effort has not been made and documented, any newsprint consumer not complying with the statutory requirement may be subject to civil penalties of up to \$1,000.

Figure 4. Number of Exemptions Requested



Manufacturer Certification Results

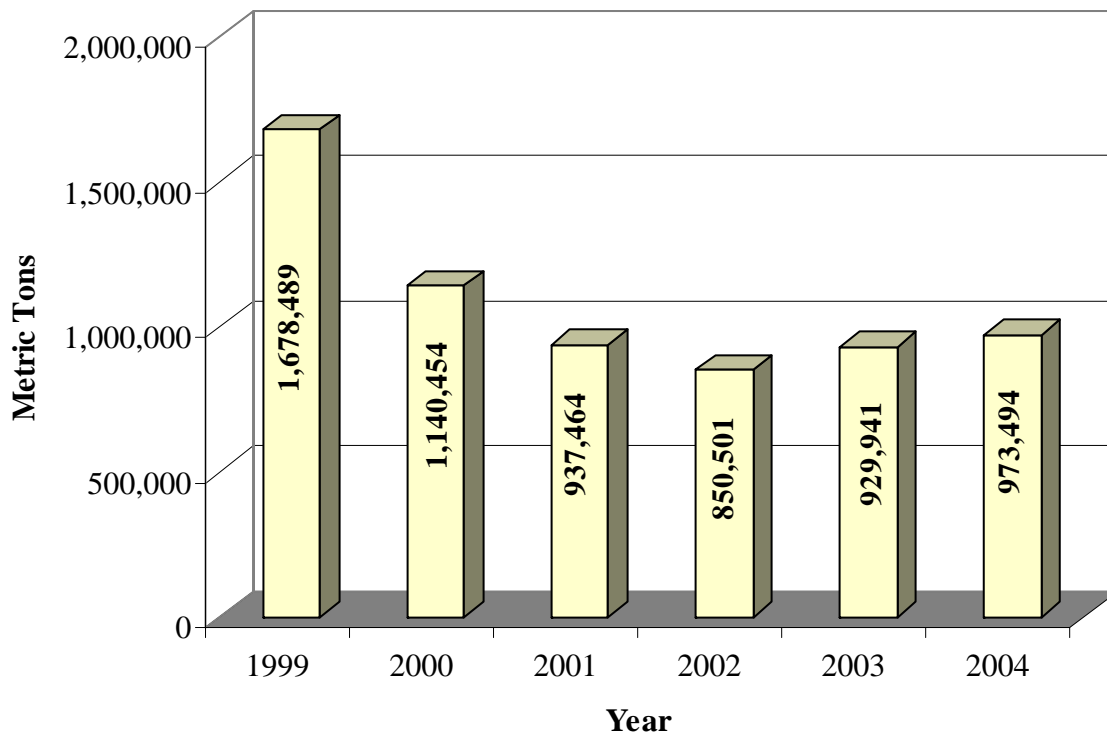
California State law requires manufacturers who supply newsprint in California to certify to the CIWMB by March 1 of each year. The certification is to include:

- The metric tons of postconsumer paper and/or de-inked pulp received or produced at each of the manufacturer's mills.
- The metric tons of RCN, by grade, produced at each of the manufacturer's mills and supplied for use in California.

Numerous newsprint manufacturers have merged in recent years, resulting in a decrease in the number of entities that provide the regulated products for this program. In 1992, when this program first received manufacturer certifications, 46 manufacturers reported. In 1998, the number dwindled to 13. In 2004, only eight manufacturers reported to the CIWMB.

The amount of RCN reportedly supplied to California increased from 2002. The eight manufacturers that submitted certifications noted they received or produced 1,341,073 metric tons of de-inked paper pulp and supplied 973,494 metric tons of RCN to California (see Figure 5). Since the amount of RCN reportedly used in 2004 by printers and publishers was 1,049,941 metric tons, reconciliation for the figures that newsprint consumers and manufacturers reported is at 93 percent. The 7 percent difference between RCN use and RCN supply is most likely the result of material used that was supplied during the previous year.

Figure 5. RCN Supplied to California



Voluntary Efforts by Industry Trade Associations

As always, the CIWMB acknowledges the efforts of the Printing Industries Association of California and the California Newspaper Publishers Association in ensuring their constituents are aware of the mandated RCN program. If not for the efforts of the trade associations, many newsprint consumers would have been less aware of the program requirements and possibly subject to fines. In particular, CIWMB would like to especially acknowledge Thomas W. Newton, General Counsel & Legislative Advocate for the California Newspaper Publishers Association, for his continued efforts in supporting the RCN program.

Conclusion

California's newsprint consumers and their supplier are clearly aware of their environmental responsibilities. Their effort to abide by the law and meet the RCN use requirements set by the Legislature is a testimonial to their respect for the environment and the people of California.

In 2004, the newsprint industry, for the second consecutive year, successfully achieved a double win. These businesses used less regulated newsprint overall, meaning less resources were used, less waste created, and less finished product at the end of its life cycle to manage. A greater percentage of the material they did use was RCN. This is a great benefit to solid waste management, the newsprint industry, and California as a whole. The newsprint industry is helping to create and strengthen markets for secondary paper, adding more jobs than those needed to

simply landfill the recovered paper. Additional benefits include conserving landfill space and natural resources and reducing energy consumption.

Energy savings are particularly applicable to recycling of newsprint. This is because production of mechanical pulp from which newsprint is made is more energy-intensive than production of chemical pulps used for other paper grades. Making one ton of recycled paper uses only about 60 percent of the energy needed to make a ton of virgin paper[†].

At a time of heightened interest in reducing energy consumption—which consequently reduces air pollution—recycling produces a double bonus. First, using recycled materials in manufacturing instead of virgin materials reduces the consumption of energy. Second, at the disposal end, this energy savings outweighs any energy recovery achievable at the best state-of-the-art incinerator[‡].

Air pollution, water pollution, toxic waste, global warming, and deforestation are some of the most pressing human and environmental health hazards that threaten California. Reducing waste and using recycled materials in the manufacturing of newsprint reduce pollution, saves energy, and conserves resources, thereby protecting California's environment.

.Appendix

American Council for an Energy Efficient Economy
www.aceee.org/pubs/ie962.htm

Conservatree
www.Conservatree.com/learn/EnviroIssues/TreeStats.shtml

United States Environmental Protection Agency
www.epa.gov

City of Santa Clara
www.bluebarrel.com/recycling/pages/factntips.htm

University of Oregon
www.darkwing.uoregon.edu/~recycle/TRIVIA.htm

Swedish Forest Industries Federation (scroll to "Energy Use")
www.skogssverige.se/MassaPapper/Faktaom/eng/massaopapptillv/mekmassa.cfm

University of Massachusetts Amherst
www.umass.edu/recycle/environmental_benefits.html

[†] See Appendix.

[‡] See Appendix.